

SENATE, No. 2565

STATE OF NEW JERSEY

213th LEGISLATURE

INTRODUCED FEBRUARY 23, 2009

Sponsored by:

Senator THOMAS H. KEAN, JR.

District 21 (Essex, Morris, Somerset and Union)

Senator ANTHONY R. BUCCO

District 25 (Morris)

Co-Sponsored by:

**Senators Baroni, Bateman, Allen, Cardinale, Kyrillos, O'Toole, Karrow
and Oroho**

SYNOPSIS

Consumer Relief Act of 2009; establishes temporary sales and use tax rate reduction periods for sales of certain goods and services.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/17/2009)

1 AN ACT establishing periods of reduced sales and use tax
2 imposition and designated as the Consumer Relief Act of 2009,
3 supplementing P.L.1966, c.30 (C.54:32B-1 et seq.).
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. a. Notwithstanding the provisions of sections 3, 4, and 6 of
9 P.L.1966, c.30 (C.54:32B-3, 54:32B-4, and 54:32B-6) to the
10 contrary, the sales tax and the use tax which shall be paid pursuant
11 to the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.)
12 shall be imposed at the rate of 3.5% on sales made during a tax
13 reduction period, admissions charges paid during a tax reduction
14 period, rents for occupancies during a tax reduction period, and uses
15 beginning during a tax reduction period; provided, however, that if
16 the State Treasurer, in consultation with the Director of the Division
17 of Budget and Accounting in the Department of the Treasury, shall
18 certify to the director that federal funds are receivable, or have been
19 received, and may be allocated to offset the amount of additional
20 State revenue loss which may result from the imposition of a sales
21 and use tax rate of less than 3.5% during a tax reduction period, the
22 director shall reduce the rate of tax imposed pursuant to P.L.1966,
23 c.30 during that tax reduction period to a rate of less than 3.5% but
24 consistent with and in proportion to the federal funds that are
25 receivable, or have been received, and may be allocated to offset
26 State revenue loss during that tax reduction period.

27 b. (1) If the director shall, in accordance with subsection a. of
28 this section, reduce the rate of tax imposed pursuant to P.L.1966,
29 c.30 to a rate of less than 3.5% during a tax reduction period, the
30 director shall immediately notify the State Treasurer of the rate and
31 the terms and conditions for which tax shall be imposed during that
32 tax reduction period and shall immediately submit a report to the
33 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
34 19.1), outlining the rate and the terms and conditions for which tax
35 shall be imposed during that tax reduction period.

36 (2) The report, submitted to the Legislature in accordance with
37 paragraph (1) of subsection b. of this section, shall also provide
38 information concerning the amount and the availability of federal
39 funds which may be allocated to offset additional State revenue loss
40 resulting from the imposition of a sales and use tax rate of less than
41 3.5%, and shall include data regarding the projected State revenue
42 loss which may result from the imposition of a sales and use tax
43 rate of less than 3.5% during that tax reduction period.

44 c. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-
45 1 et seq.) to the contrary, the director may adopt immediately upon
46 filing with the Office of Administrative Law such regulations as the
47 director deems necessary to implement the provisions of this
48 section, which regulations shall be effective for a period not to

1 exceed 180 days following the date of enactment of P.L. ,
2 c. (C.) (pending before the Legislature as this bill) and may
3 thereafter be amended, adopted, or readopted by the director in
4 accordance with P.L.1968, c.410.

5 d. As used in this section,

6 "Federal funds" includes, but shall not be limited to, monies
7 appropriated by the United States Congress to the State of New
8 Jersey as part of a short-term economic stimulus program dedicated
9 to increasing consumer spending;

10 "State Treasurer" means the Treasurer of the State of New
11 Jersey; and

12 "Tax reduction period" means the periods: (1) on and after
13 March 20, 2009 but before March 30, 2009; (2) on and after July 3,
14 2009 but before July 13, 2009; and (3) on and after October 9, 2009
15 but before October 19, 2009.

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17 2. This act shall take effect immediately.
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20 STATEMENT
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22 This bill, designated as the Consumer Relief Act of 2009,
23 establishes three 10-day periods of reduced sales and use tax
24 imposition on retail sales of certain goods and services.

25 Under the provisions of the bill, sales made, admissions charges
26 paid, rents for occupancies, and uses during specified periods are
27 subject to the sales and use tax at a reduced rate of 3.5%. For most
28 of the State, this equates to a tax rate reduction from 7% to 3.5%.
29 In Urban Enterprise Zones (UEZs) and Salem County, however, it
30 equates to a reduction from 3.5 % to 1.75% for sales of certain
31 goods currently subject to a reduced rate.

32 The specified periods of reduction are those beginning: (1) on
33 and after March 20, 2009 but before March 30, 2009; (2) on and
34 after July 3, 2009 but before July 13, 2009; and (3) on and after
35 October 9, 2009 but before October 19, 2009. These periods will be
36 easily recognizable for consumers, and marketable by retailers, as
37 they start respectively (1) on the first day of Spring; (2) on the day
38 before Independence Day weekend; and (3) on the day before
39 Columbus Day weekend. Each period includes two weekends.

40 The bill further provides for additional sales and use tax rate
41 reductions during the three periods if federal funding is made
42 available to the State that may be used to offset State revenue
43 declines during the current economic downturn. Specifically, the
44 bill provides that if the State Treasurer certifies that federal funds
45 are receivable and may be allocated to offset the amount of
46 additional State revenue loss resulting from a sales and use tax rate
47 of less than half the current rate during a tax reduction period, the

1 tax rate will be further reduced consistent with, and in proportion
2 to, the federal funds that are to be made available.

3 A determination to reduce the rate to less than half the current
4 rate would be made by the Director of the Division of Taxation.
5 Under the bill, if the director reduces the tax rate to less than half
6 the current rate during the three periods, the director must notify the
7 State Treasurer and the Legislature of the reduced rate and the terms
8 and conditions for which the tax will be imposed during those
9 periods. The report to the Legislature must provide information
10 concerning the amount and the availability of federal funds as well
11 as data regarding projected State revenue loss resulting from a
12 reduction of more than half the current rate.

13 These tax-reduction periods are intended to provide an
14 emergency shot in the arm for New Jersey's economy – one that
15 will increase the purchasing power of consumers, create stronger
16 competition with surrounding states, save businesses, and protect
17 jobs.

18 The current economic decline has created a drop in retail sales
19 and has caused many to project that consumers will spend less in
20 the weeks and months ahead. Reducing the sales tax will make
21 shopping in New Jersey more affordable for consumers while
22 increasing sales for businesses. Because of the regressive nature of
23 the sales tax, this reduction will particularly help lower income
24 families.

25 If New Jersey is the only state in the region to adopt this
26 program, it will make New Jersey retailers more competitive with
27 those of surrounding states and thereby retain consumer spending in
28 New Jersey that would otherwise go to Pennsylvania or Delaware.
29 In addition, it would draw out-of-State shoppers into Garden State
30 stores and restaurants. The program will create a competitive
31 advantage over Pennsylvania, which has a 6% statewide rate and a
32 7% rate in Philadelphia; nearly eliminate Salem County's
33 disadvantage with Delaware, which has no sales tax, by reducing
34 Salem County's rate to 1.75%; and greatly increase New Jersey's
35 existing advantage over New York City, which has an 8 3/8% rate.

36 But if nearby states do decide to adopt a similar program, as a
37 result of federal legislation or otherwise, New Jersey cannot afford
38 not to match their efforts.

39 While much of the focus by policymakers has been on bailing
40 out big Wall Street firms and other programs for spending taxpayer
41 money, this bill provides relief to taxpayers in a way that will help
42 struggling families and small businesses. Relief will be direct and
43 immediate, and will involve no application process, no bureaucratic
44 red-tape, no favoritism and no waste. Anyone who buys an item or
45 pays for a service subject to the sales and use tax will benefit.

46 This approach is not intended as a long-term fix for the State's
47 economy; separate proposals have been made in that regard. This

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- 1 bill is designed to provide tangible, short-term relief for New Jersey
- 2 consumers and businesses.